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"Each Film Takes Four Years"
Apple's chief talks about his other company -- the hot digital-animation studio
behind hits like Toy Story and A Bug's Life

By Michelle Nichols

Steve Jobs is unusual in American business in that he's the driving force behind
two successful companies -- Apple Computer and animation studio Pixar (see BW,
8/19/02, "Can Pixar Keep Drawing Investors?"). People tend to think of Pixar as
Jobs's "other" company, but it's on a real tear lately, with a string of hits and
soaring earnings. BusinessWeek Online's David Shook recently spoke with Jobs about
Pixar. Here are edited excerpts of their conversation:

Q: Writing great stories seems to be a real key to success for Pixar -- stories
that strike a chord with both kids and adults. How do you sustain that in future
films?

A: We're very lucky that we developed a great story internally for Toy Story. After
that was successful in 1995, we were approached by a lot of people wanting to sell
us stories, book rights, or what have you. We thought, "We created Toy Story
ourselves and thought of A Bug's Life (Pixar's second hit movie, which came out in
1998) ourselves."

We just decided to keep thinking of stories ourselves. Maybe we were too foolish to
believe that that was impossible. But the results suggest that we've been
successful at it. We've had four very successful films, and we've got three more
films in production now. And every single one of those seven films has been an
original idea from Pixar. We hire wonderfully talented people who have great
stories they want to tell.

Q: Is there a specific technological advancement you're working on that will make
the next film superior to the last? Or a hurdle you're working to overcome in the
animation for the film?

A: We've got more Ph.Ds working on our films than at any time in the past. So we're
making significant advancements with each film.

With our next film, Finding **Nemo**, the biggest challenge is that the entire film is
underwater. So we had to figure out how to create that underwater world. In
animation, the water is very hard to produce, in particular the splashes. But we've

figured out a way to do that. And we've created a whole undersea world that is just fantastic. The coral is just beautiful.

Q: I believe Pixar President Ed Catmull stated publicly this month that he'd like to see production costs better controlled. How are you lowering your production costs?

A: We don't discuss the budgets of our films. But we've always been a very low-cost producer for the kind of quality animated films we make. We're constantly interested in ways to lower costs and make our films more efficient. We never want to get in a situation where we're taking too much risk. But we will take some risk if the costs are low enough.

If a movie costs $1 billion to make, then only Steven Spielberg can make it. But if a project costs only $100,000, then you take a gamble on younger filmmakers. The lower you get your costs, the greater the risks you can take. We like taking risk on talented young people.

Q: It seems that the current business model calls for one film a year. You've got Finding **Nemo** next summer, The Incredibles in 2004, and Cars the year after. You happy with one film a year?

A: We're trying to get to one film a year. Right now, we're at about one every 18 months. We have one in each of the next three calendar years. But each film takes four years to make. Right now, we have four teams working in parallel on four different projects.

Q: Are you concerned about rising competition, especially since Shrek from DreamWorks won best animated film at the Academy Awards last year?

A: What we're concerned about is trying to make the best movies we can and surprising and delighting our audiences. If we can do that, then I think Pixar will do just fine.

---- INDEX REFERENCES ----

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